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2011 OCT 28 AM 10:49

CITY OF DONALDSONVILLE, LOUISIANA
AGREED UPON PROCEDURES

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Release Date **NOV 16 2011**

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Independent Account's Report On Applying Agreed-Upon Procedures

To the Honorable Mayor
And Members of the Commission Council
City of Donaldsonville, Louisiana

We have performed the procedures, enumerated below, which were agreed to by the management of the City of Donaldsonville and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating the strengths and weaknesses of the City of Donaldsonville's internal control system. Management of the City of Donaldsonville is responsible for its financial records and compliance with applicable laws and regulations. The agreed-upon procedures engagement was performed in accordance with the attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. Reconcile the accounts receivable balance in the general ledger with detailed accounts receivable customer listing in the subsidiary ledger, noting any accounts that are over 90 days overdue. Evaluate the cutoff policy and be sure that it is being enforced.

There were some small immaterial differences in most months, where the general ledger and the accounts receivable subsidiary ledger were out of balance. (See finding at AUP-1)

Based upon our review of the aging schedule, it appears that the cutoff policy seems to be being enforced.

2. Reconcile units of water produced with the units of water billed to customers for sewer use.

There were some small immaterial differences in some months where amounts billed by People's Water, ACUD and HHA and the amounts billed by City of Donaldsonville were out of balance. (See finding at AUP-2)

3. Look at billing adjustments and check for approval.

Prior to June 1, 2011, there was limited documentation of billing adjustments, other than the clerical input of the adjustment into the computer system. Currently, there is a utility adjustment form that must be filled out by the billing clerk documenting the adjustment. This form must be signed by the finance director and approved by the mayor before the adjustment is made in the system.

4. Examine policies on cash drawers at cashier windows.

Beginning in May 2011, at the end of the day, each clerk closes her batch and counts money collected during the day, verifying payments collected to the daily cash report and then prepares the deposit slip. This is sent to the finance department to be recounted and verified. Payments are posted at the end of the day by the finance director. Policy states that no one is to use another clerk's window or cash drawers, but upon stepping away from the window, the clerks do not lock their drawers. (See finding at AUP-3)

5. Speak to various employees regarding flow of funds and policies that are being enforced.

Spoke to two window clerks that verified the policy described in agreed-upon procedure 4 is being followed.

6. Examine bank reconciliations for the past twelve months noting any NSF checks and tracing to the general ledger to be sure that they have been accounted for.

Cash balance amounts per reconciliations tied to the amounts per general ledger.

Upon comparing the NSF checks per the bank statement to the NSF checks per the manual ledger that was kept and to the transactions processed in the computer, it was found that there were various amounts not reflected in all three places. (See finding at AUP-4)

7. Look at internal control system as a whole.

As a whole, the newly implemented internal control system has improved the internal controls within the City of Donaldsonville. The new controls, along with the additional controls outlined in Management's Corrective Action Plan will further strengthen the internal control system of the City of Donaldsonville

Waynespack & Gallagher, LLC
October 27, 2011

CITY OF DONALDSONVILLE SCHEDULE OF FINDINGS

This agreed upon procedures engagement was prepared pursuant to allegations that one of the City employees, Pamela Myles, cashed several personal checks out of the cashiers' drawers, which were returned NSF to the City of Donaldsonville. The NSF checks all went through this employee's department.

Upon learning of this, and after an internal investigation, the practice of cashing employee checks is no longer permitted. During a meeting with the mayor and Pamela Myles, Ms. Myles admitted to writing the checks, and her employment was terminated.

Upon reporting to the District Attorney, and the Ascension Parish Sheriff, an investigation was conducted into the matter by the Sheriff's Criminal Investigations Division. Pursuant to this investigation, Myles was arrested and charged with 12 counts of felony theft for money stolen between July 2010 and March 2011.

Additional investigations were held internally by the City of Donaldsonville, which found that Myles stole additional money from January 2010 to July 2010. On June 1, 2011, she was arrested and charged with four additional counts of felony theft.

On October 11, 2011, Myles pled guilty to theft of greater than \$1,500 on all charges. She received a three year sentence, which was suspended. She was also ordered to pay fines and restitution to the City of Donaldsonville.

AUP 1-Accounts receivable reconciliation

Finding

There were some small immaterial differences in most months, where the general ledger and accounts receivable subsidiary ledger were out of balance.

Recommendation

Prepare a spreadsheet on a monthly basis reconciling the balance per the general ledger to the balance per the accounts receivable aging upon closing the month. Investigate and correct any differences monthly.

AUP-2 – Water billing reconciliation

**CITY OF DONALDSONVILLE
SCHEDULE OF FINDINGS**

Finding

There were some small immaterial differences in some months where amounts billed by People's Water, ACUD and HHA and the amounts billed by City of Donaldsonville were out of balance.

Recommendation

Upon closing the month, prepare a spreadsheet monthly reconciling the amounts per the consumption reports to the amounts billed. Investigate and correct any differences.

AUP-3 - -Cash Drawer Administration

Finding

Cashier's drawers are not locked upon stepping away from the window.

Recommendation

Upon stepping away from her window, the cashier should lock her cash drawer.

AUP 4 – NSF Check Reconciliation

Finding

NSF check amounts were not recorded in all correct areas.

Recommendation

Prepare a spreadsheet when reconciling the checking account each month to compare the NSF checks per the bank statement to the manual records and to the computer records to be sure that all NSF checks have been accounted for. Investigate and correct any differences. The manual ledger should be kept by someone other than the person reconciling the checking account.



City of Donaldsonville

LEROY J. SULLIVAN, SR., MAYOR

Corrective Action Plan for Agreed Upon Procedures

AUP #	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s) **	Anticipated Completion Date
1	Accounts Receivable Reconciliation	Prepare a spreadsheet on a monthly basis reconciling the balance per the general ledger to the balance per the accounts receivable aging upon closing the month. Investigate and correct any differences	Sandra Cost Leroy Sullivan	Monthly basis
2	Water Billing Reconciliation	Prepare a spreadsheet monthly reconciling the amounts per the consumption reports to the amounts billed upon closing the month. Investigate and correct any differences	Sandra Cost Leroy Sullivan	Monthly basis
3	Cash Drawer Administration	Each time a clerk steps away from her window, the cash drawer should be locked and the key taken with her.	Sandra Cost Leroy Sullivan	Immediately
4	NSF Check Reconciliation	Prepare a spreadsheet when reconciling the checking account each month to compare the NSF checks per the bank statement to the manual records and to the computer records to be sure that all NSF checks have been accounted for. Investigate and correct any differences	Sandra Cost Leroy Sullivan	Monthly basis
5	NSF Check Reconciliation	The manual NSF ledger will be kept by someone other than the person reconciling the checking account	Sandra Cost Leroy Sullivan	Immediately

The above corrective action plan addresses the accountant's findings. If you need additional information concerning the corrective action plan, please feel free to contact us.


Leroy Sullivan, Mayor